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Michael O. Leavitt Governor Kathleen Clarke Executive Director Lowell P. Braxton Division Director 1594 West North Temple, Suite 1210 PO Box 145801 Salt Lake City, Utah 84114-5801 801-538-5340 801-359-3940 (Fax) 801-538-7223 (TDD)

June 5, 2000

CERTIFIED P 074 978 604

Dave Miller, Resident Agent Lodestar Energy, Inc. HC 35 Box 370 Helper, Utah 84526

Re: Replacement of Sureties Requested, Lodestar Energy, Inc., White Oak Mine, ACT/007/001,

Horizon Mine, ACT/007/020, Outgoing File

Dear Mr. Miller:

White Oak Mine is currently mining federal coal and Horizon Mine is seeking a permit to mine federal coal, but has mined through the BLM right-of-way. Federal agencies and bonds with federal obligees may only be accepted if they are written by a surety listed in the <u>Department of Treasury</u>, <u>Cicular 570</u>. It has recently come to the attention of the Division that Frontier Insurance Company is no longer an acceptable surety on federal bonds, see Department of Treasury listing dated June 1, 2000 (attached). Additionally, the A.M. Best Rating Guide currently rated this company at C++ (attached). Due to the fact that the bonds are no longer acceptable for federal bond, these bonds need to be replaced.

Therefore, pursuant to the requirements of R645-301-870 please replace surety bonds # 143718 in the amount of \$4,292,000 for White Oak Mine and #125427 in the amount of \$711,000 for the Horizon Mine, both issued by Frontier Insurance Company by July 15, 2000.

If you have any questions, please call me.

Sincerely,

Pamela Grubaugh-Littig

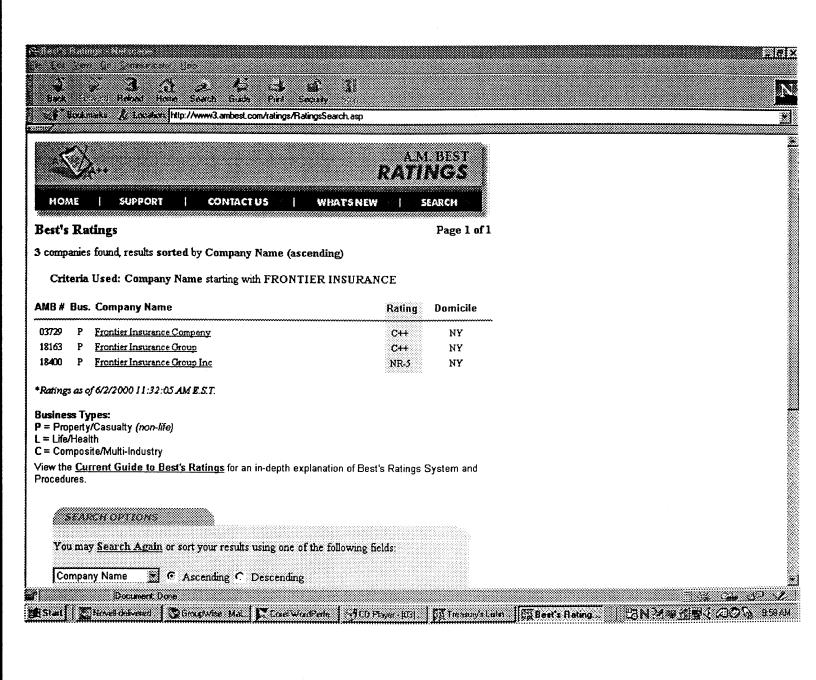
Permit Supervisor

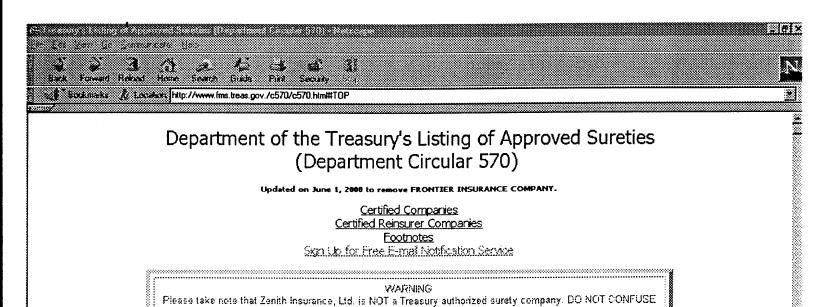
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cc:

Mary Ann Wright Price Field Office

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this company with ZENITH INSURANCE COMPANY, which IS an authorized surety company. If you have any questions regarding the authenticity of a Zenith bond, please call (\$16) 587-5721.

DEPARTMENT OF THE TREASURY

FISCAL SERVICE (Dept. Circular 570; 1999 Revision)

COMPANIES HOLDING CERTIFICATES OF AUTHORITY AS ACCEPTABLE SURETIES ON FEDERAL BONDS AND AS ACCEPTABLE REINSURING COMPANIES

Effective July 1, 1999 🌋

Document Done

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